

**J. KENNEDY  
AND  
ASSOCIATES, INC.**

**PROPOSAL TO THE  
LOUISIANA PUBLIC SERVICE COMMISSION  
IN RESPONSE TO SOLICATION DATED AUGUST 27, 2014  
DOCKET NO. S-33218  
  
CLECO POWER LLC  
  
RENEWAL OF BLANKET FINANCING AUTHORIZATION**

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## **Executive Summary**

J. Kennedy and Associates, Inc. (“Kennedy and Associates”) is pleased to submit this proposal to assist the Louisiana Public Service Commission Staff (“Commission” and “Staff”) in its review of Cleco Power LLC’s (“Cleco” or “Company”) application to renew and extend the Blanket Financing Authorization previously approved in Order U-31299 addressing the issuance of long-term debt and short-term debt and the review of any letter-notices filed by Cleco during the proposed four-year term of the renewed authorization.

Kennedy and Associates is well-qualified to assist the Staff in these reviews due to our prior work for the Commission on Cleco matters and financing issues. We will work closely with the Commission’s Legal, Auditing, and Economic Divisions in the review of the filing, as well as the review of letter-notices should the Commission authorize the Company’s request.

## **Budget to Perform These Services**

Kennedy and Associates proposes a budget for consulting services of \$28,200. Expenses for this project will be in addition to the consulting services, and will not exceed \$300. Our services will be billed based on our standard billing rates, which are attached to this letter. We will charge only for actual hours worked and actual expenses incurred. Furthermore, we acknowledge that any expenses charged will be within the Commission’s standard expense allowances.

We will not bill in excess of these services and expense budgets based on the scope of work outlined. The scope of work outlined does not include services related to extraordinary and special debt offerings, such as storm damage securitization financings, and does not include short-term debt issuances or draws on Cleco’s revolving credit agreement. This is consistent

with the scope of the blanket financing authorization sought in this proceeding and presently authorized in Order U-31299.

It also is our expectation that the review of the letter-notices will be a collaborative process and will result in letters of non-opposition rather than testimony and litigation. Accordingly, our budget does not include prefiled testimony, appearances at hearing, or appearances at the Commission Business and Executive (“B&E”) meetings.

### **Kennedy and Associates Qualifications**

Kennedy and Associates is well qualified to assist the Staff in this proceeding and in the review of all letter-notices that may be filed pursuant to the authorization granted in this proceeding. Our firm has provided extensive consulting assistance to the Staff on numerous occasions in proceedings involving nearly all of the electric and natural gas utilities in the state.

More specifically, we have assisted the Commission in several proceedings involving Cleco, including various reviews of fuel and environmental expenses, affiliate expenses, acquisitions of capacity, repowerings of capacity, and storm damage cost recovery in Docket Nos. U-24064, U-29157, U-31792, U-32150, and U-33196.

In addition, we also assisted the Commission in various proceedings involving financing issues, including the separation of Entergy Gulf States, Inc. into Entergy Gulf States LLC and Entergy Texas, Inc. and the related repayment and refinancing of the former company’s debt in Docket Nos. U-21453, U-20925, and U-22092 Subdockets B and J; the acquisition of Southwestern Electric and Power Company’s (“SWEPCO”) parent company by AEP in Docket No. U-23327; and the acquisition of Valley Electric Membership Cooperative by SWEPCO in Docket No. U-31351; among others.

Further, we have assisted clients, including the Georgia Public Service Commission, in other proceedings involving financing issues, including debt and equity financing, and special debt financing issues, including storm and stranded cost securitization financing.

Finally, we have assisted the Commission in dozens of other proceedings. These proceedings have involved rulemakings, acquisitions, rate cases, fuel clause audits, purchased gas clause audits, environmental cost audits, and affiliate transactions. Our experience and the expert appearances of our consultants are detailed in our Qualifications package, a copy of which has been provided to the Commission previously.

#### **Kennedy and Associates Project Team**

Mr. Lane Kollen, Vice President, CPA, CMA, CGMA will manage this project. He will be assisted by other Kennedy and Associates personnel as appropriate, including primarily Mr. Richard Baudino and Mr. Randy Futral. Mr. Kollen, Mr. Baudino, and Mr. Futral are experienced regulatory consultants and have assisted the Commission and the Staff in dozens of proceedings before the Commission and before the Federal Energy Regulatory Commission (“FERC”).

Mr. Kollen, Vice President of Kennedy and Associates, Inc., has several decades of experience in nearly all facets of utility operations, including financing, management, operations, accounting, taxes, and rates. Mr. Kollen has expertise in various software systems used by utilities for budgeting, rate case support and strategic and financial planning. Mr. Kollen has testified on hundreds of occasions before state and federal regulatory commissions and courts on utility matters. Mr. Kollen’s regulatory experience is described further in his biography attached to this proposal and his extensive expert testimony and appearances are detailed in the enclosed Qualifications package.

Mr. Richard Baudino, Consultant to Kennedy and Associates, also has expertise in financing issues, and is a nationally recognized expert on regulatory finance. In addition, Mr. Baudino has assisted the Commission in various management audits addressing reliability issues and in the development of the service quality improvement program for SWEPCO in Louisiana. Mr. Baudino's regulatory experience is described further in his biography attached to this proposal and his extensive expert testimony and appearances are detailed in the enclosed Qualifications package.

Mr. Randy Futral, Manager, Consulting, is an expert on utility ratemaking and analyses, including regulatory finance. He has performed numerous audits for the Commission and has extensive knowledge and experience in evaluating debt financing and the implications for ratemaking purposes. Mr. Futral's regulatory experience is described further in his biography attached to this proposal and his expert testimony and appearances are detailed in the enclosed Qualifications package.

### **Action Plan and Timeline**

Kennedy and Associates is prepared to begin work on this project immediately upon being retained by the Commission. We already are familiar with the Commission's Order in Docket No. U-31299 setting forth the authorization and parameters for the present blanket financing. In addition, we are familiar with the seven letter-notices that were filed by Cleco and the reviews that were performed by the Staff pursuant to the present blanket financing authorization.

We anticipate that if the Commission renews the authorization as Cleco requests, then the letter-notice filings and the Staff reviews will follow a similar expedited filing and review process. We anticipate that the Company and Staff will work together in a collaborative process

and that this process will lead to a Staff letter of non-opposition rather than testimony and litigation, consistent with the process and experience under the present authorization.

**Kennedy and Associates No Conflicts of Interest**

Kennedy and Associates has no known conflicts of interest in representing the Louisiana Public Service Commission in this proceeding and none of the Project Team members presently represent other clients before the Commission. Kennedy and Associates does not represent investor-owned gas or electric utilities.